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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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IN RE:
DELPHI CORPORATION, et al.,

Debtors.

Case No. 05-44481-RDD
Chapter 11
(Jointly Administered)

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**LIMITED, PROTECTIVE OBJECTION OF ROSLER METAL FINISHING USA,
L.L.C. TO DEBTORS' NOTICE OF ASSUMPTION AND/OR ASSIGNMENT OF
EXECUTORY CONTRACT OR UNEXPIRED LEASE TO BUYERS IN
CONNECTION WITH SALE OF STEERING AND HALFSHAFT BUSINESS**

Rosler Metal Finishing USA, L.L.C. ("Rosler"), through its counsel, Miller Johnson, for its Limited, Protective Objection to Debtors' Notice of Assumption and/or Assignment of Executory Contract or Unexpired Lease to Buyers in Connection with Sale of Steering and Halfshaft Business (this "Objection"), respectfully states as follows:

1. On October 8 and 14, 2005 (the "Petition Dates"), the above-captioned Debtors filed voluntary petitions in this Court for reorganization relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as then amended (the "Bankruptcy Code"). The Debtors continue to operate their businesses and manage

their properties as debtors-in-possession under Bankruptcy Code Sections 1107(a) and 1108. This Court has ordered joint administration of the Debtors' cases.

2. No trustee or examiner has been appointed in these cases. On October 17, 2005, the Office of the United States Trustee (the "U.S. Trustee") appointed an official committee of unsecured creditors. On April 28, 2006, the U.S. Trustee appointed an official committee of equity holders.

3. Rosler Metal Finishing USA, L.L.C. ("Rosler") is a leading supplier of shot-blast and metal finishing special machinery and equipment and does business with certain of the Debtors.

4. On January 23, 2008, the Debtors filed, and served on Rosler, their Notice of Assumption and/or Assignment of Executory Contract or Unexpired Lease to Buyers in Connection with Sale of Steering and Halfshaft Business (the "Assignment Notice").

5. The Assignment Notice states that the Debtors intend to assign the following four (4) Post-Petition Purchase Orders (collectively, the "Purchase Orders") issued by the Debtors to Rosler to the proposed Buyers¹ of the Debtors' Steering and Halfshaft Business:

a. Purchase Order No. 450493269, dated April 25, 2007, in the amount of \$122,406.00, for certain shot blast special machinery;

b. Purchase Order No. 450479564, dated March 30, 2007, in the amount of \$122,406.00, for certain shot blast special machinery;

¹ Capitalized terms not otherwise defined in this Limited Objection shall have the meanings given to such term in the Assignment Notice.

c. Purchase Order No. 450479563, dated March 30, 2007, in the cumulative amount of \$397,795.00, for a mass finishing centrifugal disc special machine; and

d. Purchase Order No. 450515125, dated June 1, 2007, in the amount of \$7,000.00, for certain shot blast spiders.

6. The payment terms under each of the Purchase Orders, with the sole exception of Purchase Order No. 450515125, are 90/10, meaning ninety percent (90%) of the Purchase Order price is due upon delivery of the machinery from Rosler's facility in Germany and the remaining ten percent (10%) is due upon final signoff by the Debtor-party. The payment term under Purchase Order No. 450515125 is "MNS2" or payable on the second day of the second month after invoice.

7. To date, Rosler has timely fulfilled its obligations under the Purchase Orders by delivering on November 30, 2007, and installing at the Debtors' facility, the special machinery and equipment evidenced by Purchase Order Nos. 450479564, 450479563, and 450515125.

8. Further, the special machinery and equipment evidenced by Purchase Order No. 450493269 has been delivered from Rosler's facility in Germany to Rosler's Battle Creek, Michigan facility, and is scheduled to be shipped to the Debtors (or the Buyers, as the case may be) shortly.

9. According to the payment terms on the respective Purchase Orders, the sum of \$585,346.30 is currently past due under the Purchase Orders, as follows:

- a. \$110,165.40 under Purchase Order No. 450932269;
- b. \$110,165.40 under Purchase Order No. 450479564;

- c. \$358,015.50 under Purchase Order No. 450479563; and
- d. \$7,000.00 under Purchase Order No. 450515125.

10. Further, the sum of \$64,260.70, representing the remaining ten percent (10%) owed under each Purchase Order, will become due and owing upon final sign-off by the Debtor-party, which sign-off is expected to occur in the near future.

11. As a threshold matter, Rosler does not object to the sale of the Debtors' steering and halfshaft business to the Buyer or other successful bidder. However, due to the facts that (a) the Debtors have failed to timely fulfill their payment obligations under the Purchase Orders to date and (b) Rosler does not have a prior business relationship or familiarity with the proposed Buyer, Rosler lacks adequate assurance that the obligations under each of the Purchase Orders will ultimately be satisfied. Further, as final sign-off on the installation of the special machinery evidenced by the Purchase Orders should be forthcoming shortly, it is unclear to Rosler which party will be responsible for such sign-off.

12. Although the Assignment Notice summarily states at Paragraph 6 that "there is adequate assurance of the Buyers' future performance under the executory contract or expired lease to be assumed because of the significant resources of the Buyers," the Assignment Notice provides no factual basis for this assertion.

13. While Rosler does not object to the sale of the steering and halfshaft business generally, given the significant value of the special machinery and equipment under the Purchase Orders, as well as Rosler's prior, substantial Post-Petition performance under such Purchase Orders, Rosler objects to the assignment of the Purchase Orders to Buyers or any other successful bidder until such time as (a) the

obligations currently past due and owing under the Purchase Orders, which total \$585,346.30, are satisfied or, alternatively, the Debtors agree to promptly pay such amount to Rosler in the ordinary course of business, (b) sufficient and reasonable adequate assurance of the Buyers' or other successful bidder's future performance under each of the Purchase Orders is provided to Rosler and (c) it is clarified which party is authorized and responsible for providing final sign-off on the installation of the special machinery.

WHEREFORE, for the reasons set forth in this Objection, Rosler respectfully requests that this Court condition the entry of any Order approving the sale of the steering and halfshaft business upon (a) the Debtors satisfying all obligations currently past due under each of the Purchase Orders, which obligations total \$585,346.30, (b) the Buyers or any other successful bidder for the steering and halfshaft business providing Rosler with sufficient and reasonable adequate assurance of their future ability and intent to satisfy the remaining obligations under the Purchase Order, and (c) the Debtors' and Buyer's clarification of which party is authorized and responsible for providing final sign-off on the special machinery, and granting such other, further or different relief as this Court, in its sound discretion, deems appropriate.

Respectfully submitted this 1st day of February, 2008 by:

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